

Legislative Digest

Week of March 6, 2000

Vol. XXIX, #5, March 3, 2000

J.C. Watts, Jr.
Chairman
4th District, Oklahoma

Monday, March 6

House Meets at 2:00 p.m. for Pro Forma Session

Tuesday, March 7

House Not in Session

Wednesday, March 8

*House Meets at 10:00 a.m. for Legislative Business
(No Votes Before 2:00 p.m.)*

**** Two Suspensions**

H.R. 2952	Designating the Keith D. Oglesby Station.....	p.1
H.R. 3018	Designating the Marybelle H. Howe Post Office.....	p.1
H.R. 1827	Government Waste Corrections Act.....	p.2

Thursday and Friday, March 9-10

House Meets at 10:00 a.m. for Legislative Business

⇒H.R.3081	Wage and Employment Growth Act	
H.R. 1695	Ivanpah Valley Airport Public Lands Transfer Act.....	p.4
S. 376	Communications Satellite Competition and Privatization Act (Conference Report).....	p.6

⇒To be published in a future issue of the *Legislative Digest*

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Bills Designating Federal Post Offices

H.R. 2952 and H.R. 3018

Committee on Government Reform

No Reports Filed

Floor Situation:

The House is scheduled to consider the following two bills under suspension of the rules on Wednesday, March 8, 2000. Each is debatable for 40 minutes, may not be amended, and requires a two-thirds majority vote for passage.

Summary:

H.R. 2952 designates the post office located at 100 Orchard Park Drive in Greenville, South Carolina as the “Keith D. Oglesby Station.” The late Mr. Oglesby served as the Postmaster General of the Greenville, South Carolina Post Office. His community activism included hosting the First-Day of Issue ceremonies for the Organ and Tissue Donation stamp, chairing the Greenville County’s Combined Federal Campaign, and volunteering with the Salvation Army. The Post Office has honored Keith Oglesby posthumously with his second Benjamin Award for outstanding community service. The bill was introduced by Mr. DeMint *et al.* on September 27, 1999.

H.R. 3018 designates the post office located at 557 East Bay Street in Charleston, South Carolina as the “Marybelle H. Howe Post Office.” Ms. Howe was a journalist and community activist who made many contributions to the community of South Carolina. One of her greatest achievements was her leadership in establishing Camp Care on John’s Island in the late 1950s to minister to the children of migrant workers. This activity blossomed into Rural Mission, Inc. that assists the residents of the Sea Islands. The bill was introduced by Mr. Clyburn *et al.* on October 5, 1999.

Committee Action:

The Government Reform Committee reported both measures by voice vote on October 28, 1999.



Michelle Yahng, 226-6871

Government Waste Corrections Act

H.R. 1827

Committee on Government Reform

H.Rept. 106-474

Introduced by Mr. Burton *et al.* on May 17, 1999

Floor Situation:

The House is scheduled to consider H.R. 1827 on Wednesday, March 8, 2000. On Tuesday, February 29, the Rules Committee granted an open rule that provides one hour of general debate, equally divided between the chairman and ranking minority member of the Government Reform Committee. The rule makes in order a committee amendment in the nature of a substitute as base text and accords priority in recognition to members who have their amendments pre-printed in the *Congressional Record*. The rule waives House rules prohibiting appropriations in a legislative bill in the substitute. The chairman of the Committee of the Whole may postpone votes and reduce the voting time on a postponed vote to five minutes, so long as it follows a regular 15-minute vote. Finally, the rule provides one motion to recommit, with or without instructions. Additional information on potential amendments will be provided in a *FloorPrep* prior to floor consideration.

Summary:

H.R. 1827 amends current law to require federal agencies to perform recovery audits to recapture overpayments made for goods or services that total \$500 million or more per fiscal year. These agencies also must institute a management improvement program to address any underlying problems in their payment systems.

The bill requires agency heads to conduct recovery audits in a manner that is in the best financial interest to the government. To help ensure that this goal is met, each agency director must conduct a public-private cost comparison to determine whether the audit should be performed in-house or by an outside auditor.

If any funds are recovered through the audit process, the measure requires that at least 50 percent of recovered funds be deposited into the general treasury. Other recovery funds may be used to pay the auditor and cover any costs incurred by the agency. Finally, up to 25 percent of funds may be used to establish a management improvement program for the agency.

The measure requires the Office of Management and Budget (OMB) to provide guidance to federal agencies in carrying out recovery audits. Specifically, OMB must (1) issue guidelines and standards for recovery audits; (2) exempt agencies from recovery auditing if it determines that such a process is not cost effective; and (3) report to the president and Congress within one year of enactment and annually for each of the two years thereafter, detailing the progress and setbacks of the program.

The General Accounting Office (GAO) must report to Congress on the progress of the bill's implementation 60 days after each OMB report.

Background:

The federal government spends hundreds of billions of dollars annually to purchase and procure goods and services. Recovery auditing is a method of identifying and recovering funds that have been erroneously spent. The audit is an ongoing, systematic procedure that examines all purchases and payment transactions. Overpayments are usually recovered through direct payments or administrative offsets.

Both the private and public sector make extensive use of the recovery audit procedure. The average recovery rate for overpayments in the private sector is approximately \$1 million per \$1 billion in expenses. The Defense Department has implemented successful recovery auditing programs in the Army and Air Force Exchange Systems (AAFES) and the Defense Supply Center in Philadelphia. In the most recent audit of the AAFES, the program recovered close to \$25 million on purchases totaling approximately \$5 billion.

Costs/Committee Action:

CBO estimates that enactment of H.R. 1827 will result in a net decrease of direct spending by \$100 million over FYs 2000-2004 and by \$90 million over FYs 2000-2009. The bill affects direct spending, so pay-as-you-go procedures apply.

The Government Reform Committee reported the bill by voice vote on November 17, 1999.



Michelle Yahng, 226-6871

Ivanpah Valley Airport Public Lands Transfer Act

H.R. 1695

Committee on Resources

H.Rept. 106-471

Introduced by Mr. Gibbons on May 5, 1999

Floor Situation:

The House is scheduled to consider H.R. 1695 on Friday, March 10, 2000. The Rules Committee has not yet scheduled a time to meet on the bill. Additional information on the rule and potential amendments will be provided in a *FloorPrep* prior to floor consideration.

Summary:

H.R. 1695 conveys approximately 6,400 acres of federal lands in the Ivanpah Valley to Clark County in Nevada so that the county may develop an airport facility and related infrastructure. The county must pay the Interior Department fair market value for the land.

Las Vegas Valley in Nevada is becoming an increasingly popular travel destination for both domestic and international tourists. The result is increasing passenger levels at the only major airport in the area, McCarran Airport. In 1996, the annual passenger volume reached the 30 million mark, and McCarran became the 10th busiest airport in the nation. Since then passenger traffic has continued to rise. From January 1999 to January 2000, passenger levels rose 6.8 percent. As the metropolitan area continues to grow, McCarran Airport will have trouble accommodating the growing number of airplane passengers.

Supporters of the bill argue that McCarran Airport is quickly reaching its passenger capacity as the metropolitan area of Las Vegas continues to expand. A second airport is needed to alleviate the strain on McCarran Airport. The land specified in the bill is ideal in its topography and location. It is located far enough away from Nellis Air Force Base and McCarran Airport to avoid air capacity constraints, yet it is still close enough to the metropolitan area to be useful.

Opponents of the measure counter that potential environmental impacts and land use conflicts have not been properly addressed. One major concern is the possible impact the new airport facility will have on the adjacent Mojave National Preserve. They also argue that the measure overrides the Bureau of Land Management's local resource management plan that calls for retaining these lands in federal ownership as well as negates existing statutory requirements for land use planning and the sale of public lands.

Costs/Committee Action:

CBO estimates that implementing H.R. 1695 will result in a net increase in direct spending of approximately \$1 million over FYs 2001-2004. The bill affects direct spending, so pay-as-you-go procedures apply.

The Resources Committee reported the bill by voice vote on November 16, 1999.



Michelle Yahng, 226-6871

Communications Satellite Competition and Privatization Act (Conference Report) S. 376

Committee on Commerce
H.Rept. 106-509
Introduced by Senator Burns on February 4, 1999

Floor Situation:

The House is scheduled to consider the conference report to S. 376 on Friday, March 10, 2000. Conference reports are privileged and may be considered anytime three days after they are filed; they are debatable for one hour and may not be amended. The Rules Committee has not scheduled a time to meet on the bill. Additional information on the rule will be provided in a *FloorPrep* prior to consideration.

Summary:

The conference report to S. 376 amends the 1962 Communications Satellite Act to promote competition and privatization in satellite communications. The bill encourages the privatization of the intergovernmental satellite organizations (IGOs) that dominate international satellite communications and promotes a competitive satellite communications marketplace. It also ensures that the privatized entities be independent of the IGO signatories, which are predominately government owned or controlled telecommunication monopolies that provide access to foreign markets.

The conference report promotes the privatization of Intelsat and Inmarsat by offering the incentive of access to the U.S. marketplace if the IGOs privatize in an expeditious and pro-competitive manner. The bill is designed to eliminate unfair advantages that IGOs or their spin-offs or successors might have over competitors because of their intergovernmental status.

If Intelsat and Inmarsat do not privatize in a pro-competitive manner by a certain date, the bill limits their access to the U.S. market. To allow time for a reasonable transition, the bill provides Intelsat until January 1, 2001, and Inmarsat until January 1, 2000, to accomplish full privatization. The bill requires the Federal Communications Commission (FCC) to limit, deny, or revoke authority for the IGO's provision of non-core services to the U.S. market if the FCC determines they have not privatized by these dates.

Finally, the measure includes a number of deregulatory measures designed to ensure that all U.S. satellite service providers compete as efficiently as possible within the U.S. satellite marketplace. The bill prohibits the FCC from auctioning orbital slots or spectrum assignments for global satellite systems and requires the administration to oppose such spectrum auctions in an international forum.

Major Changes from the House-passed bill:

Independent Review Process. The conference report retains most of the provisions of the House-passed bill requiring the FCC to determine whether Intelsat and Inmarsat can be privatized in a pro-

competitive manner. However, if Intelsat or Inmarsat fail to meet the pro-competitive criteria then they risk the FCC limiting or revoking access to the U.S. marketplace non-core services.

Pro-Competitive Criteria. The conference agreement maintains much of the pro-competitive language contained in the House passed bill. However, the compromise requires (1) Intelsat to privatize by April 1, 2001, with an additional requirement that there be an initial public offering by October 1, 2001, with a possible extension of this time frame until December 21, 2002 under very limited circumstances; and (2) Intelsat to substantially dilute ownership by signatories or former signatories and have a majority of board members that are not part of any former signatories.

Direct Access. The conference report provides Level 3 Direct access upon enactment to satellite service providers. In addition, the conference report removes provisions of the House-passed bill that required the FCC to allow investment in Intelsat (Level 4 Direct access).

Ownership Cap. The conference agreement removes the statutory ownership cap on any one entity owning more than 49 percent of Comsat.

Additional Services. The conference report deletes most of the House-passed provisions that would have limited Intelsat and Inmarsat's expansion into new services pending privatization.

Background:

In 1962, Congress passed the Communications Satellite Act, creating the Communications Satellite Corporation (Comsat), with a specific charter to form a consortium to operate an international commercial satellite communications system. As a result, both Comsat and the International Telecommunications Satellite Organization (Intelsat) were established with the assistance of a partnership with nations in Europe, North America, and developing areas of the world. In the early 1960s, it was believed that individual companies were not capable of bearing the financial risk of constructing and operating a global satellite communications system.

Today, Intelsat is a global communications satellite cooperative with 142 member countries that operate 26 satellites for international telecommunications. It is the dominant provider of international fixed satellite services, such as transoceanic telephone calls and video feeds.

In 1978, Congress created a new intergovernmental entity out of the need for a global maritime communications satellite system to provide distress, safety, and communications services to seafaring nations. Today, the International Maritime Satellite Organization (Inmarsat) has 82 member countries and operates eight satellites.

Intelsat and Inmarsat are controlled by parties and signatories. Parties are the national government members of the Intelsat and Inmarsat agreements who have ultimate control. The signatories are the owners and operators of the systems who are responsible for distributing Intelsat and Inmarsat services in their countries. Comsat, the U.S. signatory to Intelsat and Inmarsat, has the sole right of access to Intelsat and Inmarsat in the United States. Any private company wanting to use Intelsat's or Inmarsat's satellites to or from the U.S. must purchase satellite capacity through Comsat. Comsat buys Intelsat and Inmarsat capacity and resells it to U.S.-based customers, which include broadcast, private network, and long-distance customers.

In the 1980s, a number of applicants filed petitions with the FCC for permission to launch and operate private satellite systems that would carry international traffic in competition with Intelsat. In response, the Reagan Administration developed the Separate System Policy which permitted satellite systems separate from Intelsat to compete with the organization, but limited their activities to certain business applications such as television signal carriage from broadcasters and private-line circuits. The private satellite industry has grown slowly, however, and privatization supporters say this is because of Intelsat's continued market dominance and anti-competitive practices.

Industry experts predict that the international satellite industry has not reached its potential. They estimate that more than 1,700 satellites will be launched in the next decade (an increase of 10 times the 200 commercial satellites currently in orbit) and that revenue from satellite services will triple from \$9 billion to \$29 billion within three years.

Legislative History:

The House passed its version (H.R. 3261) by voice vote on November 10, 1999. The Senate passed S. 376 by unanimous consent on July 1, 1999.



Brendan Shields, 226-0378